

**BOARD OF FINANCE
REGULAR MEETING MINUTES
February 22, 2016**

I. CALL TO ORDER

The meeting was called to order at 7:04 p.m. in the Avon Town Hall by Chairman Thomas Harrison. Members present: Chairman Thomas Harrison, Vice Chairman/Secretary Thomas Gugliotti, Jeff Bernetich, Margaret Bratton, Catherine Durdan and Dean Hamilton and Michael Oleyer. A quorum was present.

II. PLEDGE OF ALLEGIANCE

The Pledge of Allegiance was led by Jeff Bernetich.

III. COMMUNICATION FROM THE AUDIENCE

(Including Board of Education Liaison Report)

Ken Birk, liaison for the Board of Education stated the Financial Summary Report dated January 31, 2016 was included in the meeting packet. Mr. Birk reported that balances have remained steady with the most notable change being a journal entry for the employer health contribution. The estimated unexpended balance is tracking at \$557,000, or 1.05% of the approved budget. At the last meeting there was approval of concept for the Athletic Field renovation at the High School. This approval was subject to acceptable resolutions including capital outlay as part of a sinking fund. New High School course recommendations were also approved. In response to a question from Mr. Gugliotti, Mr. Birk stated one of the conditions for approval was the type of materials to be used in light of possible health issue concerns. Mr. Gugliotti asked for and received confirmation that the BOE decision was whether or not to do something with respect to an athletic field, not its composition, and that the fields would be located at the High School. Mr. Harrison informed the Board that he is a member of the Board of Directors for EHFI, an organization that has opposed the installation of rubber crumb athletic fields.

IV. MINUTES OF PRECEDING MEETING:

January 25, 2016 Regular Meeting

On a motion made by Tom Gugliotti, seconded by Dean Hamilton, it was voted:

RESOLVED: That the Board of Finance approves the minutes of the January 25, 2016 Meeting as drafted.

Messrs: Harrison, Gugliotti and Hamilton and Mmes: Bratton and Durdan voted in favor. Messrs: Bernetich and Oleyer abstained.

V. OLD BUSINESS

15/16-05 Review and Discussion: FY 16/17 Budget Process

Mr. Harrison led a short discussion on content and presentation for the PowerPoint slides that will be used at the upcoming budget meetings. There were no recommendations to move any content to the handouts from the slides. The Board of Education has adopted and submitted to the Town Manager their budget request. Mr. Robertson combined this with the town's Operating Budget, Debt Service, Capital and Special Revenue funds that was presented to the Town Council at a meeting on February 6th. A final recommendation will be presented at the next Town Council meeting. The mill rate to fund the proposed budget requests is 2.5%.

VI. NEW BUSINESS

15/16-12 CAFR Presentation by Blum, Shapiro & Company, P.C.

Vanessa Rossitto, Audit Partner & Jess Aniskoff, Audit Manager guided the Board through a review of the CAFR (Comprehensive Annual Financial Report). State Statutes require that each

municipality submit their audit to the Office of Policy & Management (OPM) six months after the close of the fiscal year. Avon has elected to go beyond the required financial statements and produce a CAFR as defined by the GFOA (Government Finance Officers Association) out of Chicago. Avon has done this for over 30 years. Blum, Shapiro & Company, P.C. issued an unmodified or clean opinion on the financial statements. This is the highest form of an opinion that can be awarded. Avon implemented a new government accounting standard this year, GASB 68, relating to pensions. As a result, the beginning net positions were restated. On page 4 of the report, Management's discussion and analysis tells the story behind the numbers. In response to a question from Mr. Gugliotti, Ms. Colligan stated that the difference between the fund balance at the beginning and end of the year reflects the \$740,000 in 14/15 for the two Old Farms reimbursable projects. Jess Aniskoff led the review of the Federal and State single audits. All three documents reflect a positive review for fiscal year 2014/2015 for the Town of Avon.

15/16-13 Response to Audit comments and recommendations to Management

In a memo from Ms. Colligan to Mr. Robertson dated February 19, 2016 she responded to the auditor's comments and recommendations to management for the fiscal year ended June 30, 2015. In response to a question from Mr. Gugliotti, Ms. Colligan stated that the audit draft is shared with the Board of Education as soon as it is received and updates are shared as well. Ms. Colligan stated the Accounting Policies and Procedures Manual for the Town has been completed and implemented. In response to a question from Mr. Gugliotti, Ms. Colligan stated that fraud risk assessment has been included as an option in the current RFP.

VII. TOWN MANAGER'S REPORT

A. Monthly Financial Report Summary

Details were included in the packet report dated period ended January 31, 2016, prepared and reported by Margaret Colligan. Collections are running ahead of FY 14/15 in most areas. Other local revenues are one-time revenues, it is running slightly behind but we expect to end up in a similar place. Ms. Colligan reported a positive revenue variance overall. Unassigned Fund Balance is tracking at 9.47% (10.82% after reimbursements). There were no major expenditure variances in the General Fund to report. In response to a question from Mr. Oleyer, Ms. Colligan stated the Transition Grant, renamed from Manufacturing, Machinery & Equipment Grant, is not budgeted for because of the uncertainty that the State will fund it. This is a revenue sharing grant. It is about \$240,000. It is budgeted for in the current proposed budget. However, there is another new grant (MERSA) based on sales tax revenue that is not budgeted for. It is in the range of \$500,000. The uncertainty of the revenue is why it is not in the budget. Mr. Robertson added that as we get further along in the legislative session and we know what can be relied on he will mention it during the budget meetings, but this potential revenue is not mentioned in the budget. In response to a question from Mr. Oleyer, Ms. Colligan stated that as unbudgeted revenues are received, they are coded according to the appropriate revenue category and it appears as a positive revenue variance for the entire amount since there is no appropriation to offset against it. It becomes surplus. Mr. Harrison stated at the Budget Workshop in April the Town Manager informs the three Boards of any revenue sources that have changed since the proposed budget was prepared.

B. Standard and Poor's and Moody's Presentations

Mr. Robertson stated the earlier conversation about fraud risk assessment reminded him of a book that was mentioned at the workshop he attended, *The Art of the Steal* by Frank

Abagnale. He now does consulting to explain how to beat internal controls. The rating agency presentations were made last week, gearing up for the bond refunding in March. He thanked Ms. Colligan and her staff for pulling all the material together in a short period of time that allowed him to be over prepared for the meeting. Both Moody's & S&P reaffirmed Avon's AAA rating. Avon has a very manageable level of debt compared to overall capacity. The agencies noted that there is a lot of stability within our top 10 tax payers as well as diversity among them. S&P recommended that the town look at a longer range spending plan similar to our capital budget and they asked us to report on that. On Moody's side, more of the same. They asked more probing questions on the drawdown of fund balance. They were keyed in on ratio of unassigned fund balance to the operating balance. They did note that if we continue to have uses of fund balance, it could be problematic in the future. Mr. Robertson was confident that when all reimbursements are returned to the fund, demonstrating follow-through, the bump to fund balance should reflect positively.

Mr. Harrison thanked Ms. Colligan & her staff for their hard work. He stated he was pleased to have this reaffirmed by the rating agencies.

C. Miscellaneous Items

Mr. Robertson provided a legislative update on Senate Bill 1. Final language has not been released.

VIII. OTHER BUSINESS

There was none.

IX. EXECUTIVE SESSION

There was none.

X. ADJOURN

On a motion made by Thomas Gugliotti, seconded by Cathy Durdan, it was voted:

RESOLVED: That the Board of Finance adjourn the meeting at 9:01 p.m.

Messrs: Harrison, Gugliotti, Bernetich, Hamilton and Oleyer and Mme: Bratton and Durdan voted in favor.

Respectfully Submitted,
Thomas A. Gugliotti, Secretary

Attest: Mary Marinello, Clerk

All referenced material will be available to the public in the Town Clerk's office.